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FISCAL IMPACT STATEMENT

LS 6187

BILL NUMBER: SB 97

NOTE PREPARED: Nov 18, 2009

BILL AMENDED:

SUBJECT: Net Metering.

FIRST AUTHOR: Sen. Errington

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires the Indiana Utility Regulatory Commission (IURC) to adopt emergency rules amending the IURC's net metering and interconnection rules for electric utilities to: (1) make net metering available to specified customer classes; (2) allow a generating facility with a nameplate capacity of two megawatts or less to interconnect to the distribution facility of an electric utility; and (3) allow a net metering customer to interconnect a generating facility that makes use of specified technologies. It also voids existing rules to the extent they do not comply with the requirements for the amended rules. It requires the IURC to report to the Regulatory Flexibility Committee on the IURC's progress in adopting the amended rules.

Effective Date: Upon passage.

Explanation of State Expenditures: *IURC:* The bill requires the IURC to adopt rules on net metering and interconnection of electric utilities and report to the Regulatory Flexibility Committee on its progress in adopting the rules. It is estimated that the IURC will be able to implement these provisions with its existing level of resources.

State and Local Government Utility Expenditures: The bill includes state and local governments in the class of electricity consumers which must be offered net metering services. Under current IURC rules (170 IAC 4-4.2), investor-owned electric utilities (IOEU) must offer net metering to residential customers and K-12 schools that install a net metering facility. Currently, IOEUs may, but are not required, to offer net metering to state and local governments. The bill would require all electric utilities to offer net metering to state and local governments, as well as other customer classes as listed in the bill.

To the extent that any governmental entity chooses to utilize net metering, there could be an impact on that

entity's electric utility expenditures. The impact will ultimately depend on the amount of revenue the state or local agency can generate through the sale of renewable energy back to an electric utility. If the governmental entity currently uses the renewable energy to supplement electricity use, the overall impact will be determined by the difference between the value of the current use of that energy versus the price the energy may be sold back to the electric utility.

Background Information- As stated by the U.S. Department of Energy, "net metering allows consumers to offset the cost of electricity they buy from a utility by selling renewable electric power generated at their homes or businesses back to the utility. In essence, a customer's electric meter can run both forward and backward in the same metering period, and the customer is charged only for the net amount of power used."

Explanation of State Revenues:

Explanation of Local Expenditures: See *Explanation of State Expenditures*.

Explanation of Local Revenues:

State Agencies Affected: IURC; All.

Local Agencies Affected: All.

Information Sources: United States Department of Energy website;
http://www.eere.energy.gov/states/alternatives/net_metering.cfm

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